

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-436-C - ORDER NO. 98-807
OCTOBER 16, 1998

IN RE: Application of NewSouth Communications,) ORDER GRANTING
LLC., NewSouth Communications Corp., and) EXPEDITED REVIEW
NewSouth Holdings, Inc. for Authority to) AND APPROVING
Reorganize their Corporate Structure and) REORGANIZATION
Operations and for Related Transactions.)

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the application of NewSouth Communications, L.L.C. (“NewSouth LLC”), NewSouth Communications Corporation (“NewSouth Corp.”), and NewSouth Holdings, Inc. (NewSouth Holdings”) (hereafter collectively referred to as Applicants) whereby the Applicants request authority to reorganize their corporate structure and operations and to complete a series of transactions related to the reorganization.

The Applicants seek authority to (1) transfer control of NewSouth LLC to NewSouth Corp; (2) transfer all of NewSouth LLC’s operating authority in South Carolina to NewSouth Corp.; (3) transfer all of NewSouth LLC’s assets related to its regulated operations in South Carolina to NewSouth Corp; and (4) merge NewSouth LLC with and into NewSouth Corp. The Applicants state that the proposed merger will have no adverse impact on consumers in South Carolina. The Applicants state that NewSouth Corp. will file new tariffs that will incorporate all of NewSouth LLC’s existing services into its tariffs at the same rates, terms and conditions as are currently available.

Additionally, the Applicants offer that the impact of the proposed reorganization will be negligible as NewSouth Corp. will serve NewSouth LLC's current customers using the same network, billing systems, and customer service operations pursuant to identical tariffs.

By letter dated September 14, 1998, the Commission's Acting Executive Director instructed the Applicants to publish one time in newspapers of general circulation a prepared Notice of Filing. The purpose of the Notice of Filing was to inform interested parties of the nature of the application and of the manner and time in which to request participation in the proceedings concerning the application. The Applicants complied with the instructions of the Acting Executive Director and filed proof of publication with the Commission. No parties requested to intervene in the proceedings, and no letters of protest were received.

On September 30, 1998, the Applicants filed a Motion for Expedited Review of the Application. By its Motion, the Applicants requested that the Commission waive the formal hearing requirement and consider the application on an expedited basis. In support of its Motion, the Applicants state that the Notice of Filing was published and that no comments nor Petitions to Intervene were filed. The Applicants also filed verified testimony of Michael LaFrance, President and Chief Executive Officer of NewSouth LLC. The purpose Mr. LaFrance's testimony was to describe the nature of the relationships among the Applicants and the transfer of assets and operating authority from NewSouth LLC to NewSouth Corp.

The Commission, in its regularly scheduled Commission Meeting on October 6, 1998, considered the Applicant's Motion for Expedited Review. As no opposition to the application or the Motion for Expedited Review was received, the Commission will grant the Motion for Expedited Review and will consider the Application in the Commission Meeting with court reporter present. The Commission's discussion and deliberation in the presence of a court reporter and with verified testimony of the witness will be deemed a hearing for the purposes of consideration of the Application.

The record reveals that NewSouth LLC is a South Carolina limited liability company headquartered in Greenville, South Carolina. NewSouth LLC is a wholly owned subsidiary of NewSouth Holdings. NewSouth LLC operates as a reseller and facilities-based competitive local and long distance telecommunications carrier and was granted authority to provide local and long distance telecommunications services in South Carolina in Order No. 98-165 dated March 5, 1998, in Docket No. 97-467-C.

NewSouth Corp. is a Delaware corporation whose principal offices are located in Greenville, South Carolina. NewSouth Corp. is a wholly owned subsidiary of NewSouth Holdings. NewSouth Corp. was formed specifically to change the form of entity which holds the Certificate of Public Convenience and Necessity in South Carolina and other states from a limited liability company to a Delaware corporation.

Mr. LaFrance stated in his verified testimony that as a result of this merger, NewSouth LLC will cease to exist as an entity and that all local and long distance services provided by NewSouth LLC will be provided by NewSouth Corp. Mr. LaFrance further stated that the reorganization will change the form and jurisdiction of organization

and that the sole purpose of the transaction is to change the form of entity of the company. Mr. LaFrance stated that the officers, managers, and technical employees of NewSouth Corp. will be identical to those of NewSouth LLC. Additionally, Mr. LaFrance affirmed that NewSouth Corp will adopt identical tariffs to those of NewSouth LLC and that the customers will not notice any impact other than a change in the name of the company.

Upon review and consideration of the Petition, the evidence presented at the hearing, and the applicable law, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. NewSouth LLC is a South Carolina limited liability company headquartered in Greenville, South Carolina. NewSouth LLC is a wholly owned subsidiary of NewSouth Holdings. NewSouth LLC operates as a reseller and facilities-based competitive local and long distance telecommunications carrier and was granted authority to provide local and long distance telecommunications services in South Carolina in Order No. 98-165 dated March 5, 1998, in Docket No. 97-467-C.

2. NewSouth Corp. is a Delaware corporation whose principal offices are located in Greenville, South Carolina. NewSouth Corp. is a wholly owned subsidiary of NewSouth Holdings.

3. Upon closure of the reorganization, NewSouth Corp. will provide intrastate telecommunications services to the customers of NewSouth LLC at the same rates and under the same terms and conditions provided currently by NewSouth LLC.

CONCLUSIONS OF LAW

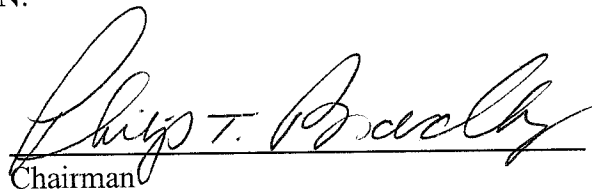
1. The corporate reorganization and related transactions as described in the application, and explained by Mr. LaFrance in his verified testimony, will serve the public interest, and therefore, the Commission approves the requested reorganization and related transactions which change the form and jurisdiction of the company.

2. NewSouth Corp. is directed to file its tariff, reflecting rates, charges, terms, and conditions identical to the tariff of NewSouth LLC within thirty days of receipt of this Order.

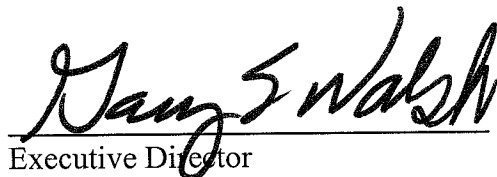
3. This Order shall remain in full force and effect until further Order of the Commission.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)